

Tax Comparison of Identical Business as C. Corporation, S. Corporation and REIT

- * Assumptions: Montana shareholders own 5% and non-Montana shareholders own 95%
- * 7% tax rate on Montana and non-Montana shareholders

C. Corporation	+	Shareholders	=	\$710,000 Total Tax Due
\$10 million net income		\$500,000 dividends (\$10 million X 5%)		
Pay \$675,000 tax		MT shareholders pay \$35,000 tax (\$500,000 X 7%)		
(\$10 million X 6.75%)		\$9.5 million non-MT shareholders dividends not taxable (\$10 million X 95%)		

S. Corporation	+	Shareholders	=	\$700,000 Total Tax Due
\$10 million net income		MT shareholders Pay \$35,000 tax (\$10 million X 5% x 7%)		
Pay \$0 tax		Non-MT shareholders \$665,000 tax (\$10 million X 95% x 7%)		

Current Law REIT	+	Shareholders	=	\$35,050 Total Tax Due
\$10 million net income		MT shareholders \$35,000 (\$10 million X 5% x 7%)		
Pay \$50 (minimum tax)		Non-MT shareholders \$0		

Proposed Law REIT	+	Shareholders	=	\$675,000 Total Tax Due
\$10 million net income		MT shareholders \$0		
Pay \$675,000 tax		Non-MT shareholders \$0		
(\$10 million X 6.75%)				